

104TH CONGRESS  
2D SESSION

# H. R. 2983

To amend the Internal Revenue Code of 1986 to restore the 10 percent investment credit.

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## IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 28, 1996

Mr. FOX of Pennsylvania introduced the following bill; which was referred to the Committee on Ways and Means

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## A BILL

To amend the Internal Revenue Code of 1986 to restore the 10 percent investment credit.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

3       **SECTION 1. RESTORATION OF INVESTMENT CREDIT.**

4       (a) ALLOWANCE OF CREDIT.—Section 46 of the In-  
5       ternal Revenue Code of 1986 (relating to amount of in-  
6       vestment credit) is amended by striking “and” at the end  
7       of paragraph (2), by striking the period at the end of para-  
8       graph (3) and inserting “, and”, and by adding at the  
9       end the following new paragraph:

10               “(4) the general investment credit.”

1 (b) AMOUNT OF CREDIT.—Section 48 of such Code  
2 is amended by adding at the end thereof the following new  
3 subsection:

4 “(c) GENERAL INVESTMENT CREDIT.—

5 “(1) IN GENERAL.—For purposes of section 46,  
6 the general investment credit for any taxable year is  
7 an amount equal to 10 percent of the qualified in-  
8 vestment for such taxable year.

9 “(2) QUALIFIED INVESTMENT.—

10 “(A) IN GENERAL.—For purposes of para-  
11 graph (1), the qualified investment for any tax-  
12 able year is the aggregate of—

13 “(i) the applicable percentage of the  
14 basis of each new section 38 property  
15 placed in service by the taxpayer during  
16 such taxable year, plus

17 “(ii) the applicable percentage of the  
18 cost of each used section 38 property  
19 placed in service by the taxpayer during  
20 such taxable year.

21 “(B) APPLICABLE PERCENTAGE.—For  
22 purposes of subparagraph (A), the applicable  
23 percentage for any property shall be determined  
24 under paragraphs (2) and (7) of section 46(c)  
25 (as in effect on the day before the date of the

1 enactment of the Revenue Reconciliation Act of  
2 1990).

3 “(C) CERTAIN RULES MADE APPLICA-  
4 BLE.—The provisions of subsections (b) and (c)  
5 of section 48 (as in effect on the day before the  
6 date of the enactment of the Revenue Reconcili-  
7 ation Act of 1990) shall apply for purposes of  
8 this part.

9 “(3) SECTION 38 PROPERTY.—For purposes of  
10 this subsection, the term ‘section 38 property’  
11 means—

12 “(A) tangible personal property (other  
13 than an air conditioning or heating unit), or

14 “(B) other tangible property (not including  
15 a building and its structural components) but  
16 only if such property—

17 “(i) is used as an integral part of  
18 manufacturing, production, or extraction  
19 or of furnishing transportation, commu-  
20 nications, electrical energy, gas, water, or  
21 sewage disposal services, or

22 “(ii) constitutes a research facility  
23 used in connection with any of the activi-  
24 ties referred to in clause (i), or

1 “(iii) constitutes a facility used in  
2 connection with any of the activities re-  
3 ferred to in clause (i) for the bulk storage  
4 of fungible commodities (including com-  
5 modities in a liquid or gaseous state), or

6 “(C) elevators and escalators, but only if—

7 “(i) the construction, reconstruction,  
8 or erection of the elevator or escalator is  
9 completed by the taxpayer, or

10 “(ii) the original use of such elevator  
11 or escalator commences with the taxpayer,  
12 or

13 “(D) single purpose agricultural or horti-  
14 cultural structures; or

15 “(E) a storage facility (not including a  
16 building and its structural components) used in  
17 connection with the distribution of petroleum or  
18 any primary product of petroleum.

19 Such term includes only property to which section  
20 168 applies without regard to any useful life and  
21 any other property with respect to which deprecia-  
22 tion (or amortization in lieu of depreciation) is al-  
23 lowable and having a useful life (determined as of  
24 the time such property is placed in service) of 3  
25 years or more.

1           “(4) COORDINATION WITH OTHER CREDITS.—

2           This subsection shall not apply to any property to  
3           which the energy credit or rehabilitation credit  
4           would apply unless the taxpayer elects to waive the  
5           application of such credits to such property.

6           “(5) CERTAIN PROGRESS EXPENDITURE RULES  
7           MADE APPLICABLE.—Rules similar to rules of sub-  
8           section (c)(4) and (d) of section 46 (as in effect on  
9           the day before the date of the enactment of the Rev-  
10          enue Reconciliation Act of 1990) shall apply for pur-  
11          poses of this subsection.”

12          (c) TECHNICAL AMENDMENTS.—

13               (1) Subparagraph (C) of section 49(a)(1) of  
14               such Code is amended by striking “and” at the end  
15               of clause (ii), by striking the period at the end of  
16               clause (iii) and inserting “, and”, and by adding at  
17               the end the following new clause:

18                       “(iv) the basis of any new section 38  
19                       property and the cost of any used section  
20                       38 property.”

21               (2) Subparagraph (E) of section 50(a)(2) of  
22               such Code is amended by inserting “or 48(c)(5)” be-  
23               fore the period at the end.

1           (3) Paragraph (5) of section 50(a) of such Code  
 2           is amended by adding at the end thereof the follow-  
 3           ing new subparagraph:

4                   “(D) SPECIAL RULES FOR CERTAIN PROP-  
 5           PERTY.—In the case of any section 38 property  
 6           which is 3-year property (within the meaning of  
 7           section 168(e))—

8                           “(i) the percentage set forth in clause  
 9                           (ii) of the table contained in paragraph  
 10                          (1)(B) shall be 66 percent,

11                           “(ii) the percentage set forth in clause  
 12                           (iii) of such table shall be 33 percent, and

13                           “(iii) clauses (iv) and (v) of such table  
 14                          shall not apply.”

15           (4)(A) The section heading for section 48 of  
 16           such Code is amended to read as follows:

17   **“SEC. 48. OTHER CREDITS.”**

18                   (B) The table of sections for subpart E of part  
 19           IV of subchapter A of chapter 1 of such Code is  
 20           amended by striking the item relating to section 48  
 21           and inserting the following:

                  “Sec. 48. Other credits.”

22           (d) EFFECTIVE DATE.—The amendments made by  
 23           this section shall apply to periods after the date of the  
 24           enactment of this Act under rules similar to the rules of  
 25           section 48(m) of such Code (as in effect on the day before

- 1 the date of the enactment of the Revenue Reconciliation
- 2 Act of 1990).

